

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ISO-00 AGR-05 H-02 EUR-12 L-03 AID-05

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FM AMEMBASSY BLANTYRE

TO SECSTATE WASHDC 8051

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E.O. 11652: N/A

TAGS: ETRD EAGR MI

SUBJECT: MALAWI SUGAR INDUSTRY INFORMATION

REF: STATE 141876

INFORMATION SOUGHT PER REFTEL PROVIDED HEREIN THOUGH SOME
FIGURES NOT TOTALLY CURRENT. EXPECT MORE CURRENT FIGURES BEFORE
JULY 14 AND WILL FORWARD REVISION ASAP. RESPONSE KEYED TO
LETTER SUBDIVISIONS OF POINT 2 OF REFTEL

1. CURRENT COST PRODUCTION W MILL FOR RAW SUGAR 5.8/CENTS
PER POUND.

2. CURRENT MALAWI RETAIL PRICE 15 CENTS PER POUND.

3. VALUE OF 1974 SUGAR EXPORTS 25.2 CENTS PER POUND.

4. PROJECTED SUGAR PRODUCTION AND EXPORTS (IN THOUSANDS OF
SHORT TONS):

	PRODUCTION	EXPORTS
1975	75	28

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1976 95 46

1977	125	64
1978	145	85
1979	190	120
1980	190	120

5. CURRENT SUGAR ESTATE IN MIDST TWO YEAR \$16.8 MILLION EXPANSION PROGRAM TO 1977 PRODUCTION LEVEL. ACREAGE IN CANE TO GROW FROM CURRENT 17,000 TO 24,000, FACTORY CAPACITY TO 220 TONS OF CANE PER HOUR AND EMPLOYMENT TO OVER 7000 BY 1977. SECOND SUGAR COMPLEX BEING PLANNED BY GOM AND LONRHO CORP AT DWANGWA TO BOOST PRODUCTION TO 1979-80 LEVEL. SECOND MILL ACREAGE AND CAPACITY STILL UNDER DISCUSSION.

6. GROWTH RATE OF DOMESTIC CONSUMPTION ESTIMATED 10 0/0 PER YEAR TO LEVEL 75,000 SHORT TONS BY 1980.

7. NO LONG TERM EXPORT COMMITMENTS AS YET ALTHOUGH TALKS UNDERWAY WITH EEC. MALAWI REMAINS COMMITTED TO SEEKING GREATLY INCREASED US QUOTA ABOVE ALL.

8. GOM OWNS THE LAND ON WHICH CURRENT SUGAR ESTATE OPERATES AND LEASES IT TO SUCOMA, WHOLLY OWNED SUBSIDIARY OF LONRHO. SECOND ESTATE PROJECT EXPECTED TO BE SET UP IN SIMILAR MANNER. LAND ACQUISITION ONLY DIRECT GOM PARTICIPATION. SUCOMA CONSUMES ABOUT 25 0/0 OF MALAWI'S ELECTRICITY WHICH IS SUPPLIED BY GOVERNMENT OWNED UTILITY. DOMESTIC SUGAR MARKETING BY PARASTATAL IMPORT-EXPORT CO AND DOMESTIC PRICES KEPT DOWN BY GOM WHICH MUST APPROVE ANY INCREASE BUT DOESN'T. GOM ALSO KEEPS LABOR COSTS DOWN THROUGH WAGE CONTRLS. SUCOMA CONSULTATIONS WITH GOM DETERMINE AMOUNT FOR EXPORT BUT GOM PRESSURES TO EXPORT ARE HIGHEST CONSIDERATION. EXPORT PRICES DETERMINED THROUGH BROKERS, BUYERS IN U.S. AND EUROPE. STEVENSON

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